

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 L-03 FRB-03 OMB-01
ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04
TRSE-00 CEA-01 USIE-00 INRE-00 SSO-00 AF-08
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FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 6284
AMEMBASSY BERN NIACT IMMEDIATE
INFO USMISSION USEC BRUSSELS
USUN NEW YORK 4511
OECD PARIS 9554

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 2391

BERN PASS TO UNDERSECRETARY COOPER IN BASEL
EB/ORF - FOR BOSWORTH AND WENDT

E.O. 11652: GDS
TAGS: UNCTAD EGEN
SUBJ: UNCTAD: UN CONFERENCE ON A COMMON FUND: MARCH 29
EC PROPOSAL FOR A DRAFT DECISION

1. SUMMARY: AT MARCH 29 GROUP B MEETING, EC PRESENTED NEW PROPOSED VERSION OF DRAFT DECLARATION FOR DISCUSSION. IT BEGINS BY ASSERTING THAT QUOTE THE CONFERENCE AGREED THAT THERE SHOULD BE A COMMON FUND UNQUOTE AND THEN IN TWO BRIEF PARAGRAPHS STATES PURPOSES OF A CF AND SETS NEW MEETING DATE FOR CONFERENCE. ANNEX TO PAPER SETS FORTH A NUMBER OF PRINCIPLES WHICH EC BELIEVES COULD PROVIDE THE BASIS FOR FURTHER NEGOTIATION AT SUCH A CONFERENCE. US DEL (BOERNER) SAID WE COULD NOT ACCEPT FLAT STATEMENT PROPOSED BY EC THAT THERE SHOULD BE A FUND, AND SAID WE WOULD PROVIDE ALTERNATIVE LANGUAGE FOR NEXT MEETING OF GROUP B ON CONFIDENTIAL

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MARCH 30. CANADIANS, AUSTRALIANS, JAPANESE AND SWISS ALSO SAID THEY COULD NOT ACCEPT EC STATEMENT, BUT NORDICS ENDORSED IT. THERE WAS ALSO DISCUSSION OF PRINCIPLES CONTAINED IN DRAFT WHICH ARE ALMOST IDENTICAL TO THOSE SUBMITTED IN GENEVA 2348. END SUMMARY.

2. FOLLOWING IS TEXT OF EC DRAFT:

QUOTE:
THE CONFERENCE

AGREES THAT THERE SHOULD BE A COMMON FUND.

SUCH A COMMON FUND SHOULD CONTRIBUTE TO THE ATTAINMENT OF THE OBJECTIVES OF THE INTEGRATED PROGRAMME FOR COMMODITIES AS EMBODIED IN RESOLUTION 93 (IV) AND SHOULD BE SATISFACTORILY WORKED OUT AND ACCEPTED BY A WIDE RANGE OF DEVELOPED AND DEVELOPING COUNTRIES.

DECIDES THAT NEGOTIATIONS SHOULD BE RESUMED IN / NOT LATER THAN ... IN ORDER THAT THE ELEMENTS OF SUCH A FUND SHOULD BE FURTHER ELABORAGED AND NEGOTIATED, ON THE BASIS OF THE PROPOSITIONS SET OUT, IN A PRELIMINARY WAY, IN ANNEX 1.

ANNEX 1

PRELIMINARY STATEMENT OF PROPOSITIONS WHICH SHOULD FORM THE BASIS OF A COMMON FUND

1. A COMMON FUND SHOULD PROVIDE SUPPORT FOR INDIVIDUAL COMMODITY AGREEMENTS BETWEEN PRODUCERS AND CONSUMERS.
2. A COMMON FUND SHOULD FOSTER INTERNATIONAL TRADE AND CO-OPERATION IN WAYS RESPECTING THE CHARACTERISTIC OF INDIVIDUAL COMMODITIES.
3. A COMMON FUND SHOULD PROVIDE FINANCIAL ECONOMIES IN COMPARISON

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WITH SEPARATELY-FINANCED BUFFER STOCKS.

4. A COMMON FUND SHOULD BE A FINANCIALLY VIABLE INSTITUTION; AS FAR AS BUFFER STOCKING IS CONCERNED.
5. A COMMON FUND SHOULD HAVE AS ITS FOUNDATION A PATTERN OF MUTUAL ASSISTANCE AMONGST INDIVIDUAL COMMODITY AGREEMENTS AND SHOULD ALLOW OPTIMAL USE OF RESOURCES MADE AVAILABLE THROUGH ICOS.
6. A COMMON FUND SHOULD FACILITATE THE STABILIZATION OF PRICES AROUND THE LONG-TERM MARKET TREND.
7. A COMMON FUND SHOULD FUNCTION ON THE BASIS OF THE INTERESTS OF PRODUCERS AND CONSUMERS REPRESENTING A MAJOR SHARE OF WORLD IMPORTS AND EXPORTS, MUTUALLY DETERMINED.
8. INTERVENTION IN THE MARKETS FOR INDIVIDUAL COMMODITIES CAN APPROPRIATELY BE UNDERTAKEN ONLY BY, AND ACCORDING TO THE TERMS OF INDIVIDUAL COMMODITY AGREEMENTS. ACCORDINGLY A COMMON FUND SHOULD

NOT INTERVENE DIRECTLY IN THE MARKET.

9. A COMMON FUND SHOULD RESPECT THE AUTONOMY OF INDIVIDUAL ICOS.
IN PARTICULAR: - IT SHOULD NOT INTERFERE WITH POLICY OF OPERATIONAL
DECISIONS MADE BY ICOS, INCLUDING THOSE REGARDING THE NEED FOR AND
SIZE OF INDIVIDUAL BUFFER STOCKS AND METHODS OF THEIR FINANCING;
- ALL ICOS WHICH ASSOCIATE WITH A COMMON FUND SHOULD HAVE EQUITABLE
ACCESS TO FINANCING AVAILABLE THROUGH ITS FUNDING MECHANISM;
- ICOS SHOULD BE FREE TO DECIDE NOT TO PARTICIPATE IN ARRANGEMENTS
OF A COMMON FUND.

A COMMON FUND SHOULD NOT BE A SUBSTITUTE FOR THE FINANCING OF
STABILISATION MEASURES BY ICOS AND SHOULD NOT DETRACT FROM THE
DISCIPLINE THAT THAT RESPONSIBILITY ENTAILS. BUT WHENEVER
PRODUCERS AND CONSUMERS, IN THE COURSE OF NEGOTIATION, ARE AGREED ON
MEASURES AND ON THE PRICE OF A PRODUCT, THE LACK OF FINANCE SHOULD
NOT PREVENT SUCH AN AGREEMENT FROM BEING CONCLUDED AND THE CONFERENCE
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WOULD CONSIDER IT USEFUL TO DISCUSS METHODS WHEREBY PRODUCERS AND
CONSUMERS CAN ENSURE THIS.

OTHER MEASURES

THE NEED AND SCOPE FOR THE COMMON FUND TO FACILITATE THE FINANCING
OF TO FINANCE OTHER MEASURES SHOULD BE FURTHER EXPLORED.

UNQUOTE.

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ACTION EB-08

INFO OCT-01 ISO-00 IO-13 AF-08 ARA-06 EA-07 EUR-12

NEA-10 L-03 FRB-03 OMB-01 ITC-01 SP-02 AGRE-00

AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00

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INRE-00 SSO-00 /099 W

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3. MARCH 29 MEETING OF GROUP B DELAYED UNTIL AFTERNOON WHILE EC SPENT MORNING IN DRAFTING SESSION TO PRODUCE ABOVE TEXT. EC SPOKESMAN (STEELE) INDICATED THREE PARAGRAPH DRAFT CONFERENCE DECISION AGREED BY EC MEMBER STATES, BUT PRINCIPLES IN ATTACHED ANNEX REPRESENTED A DISTILLATION OF VARIOUS IDEAS DISCUSSED IN GROUP B AND DID NOT REPRESENT AGREED EC POSITION.

4. FIRST ROUND OF GROUP B COUNTRY REACTIONS FOCUSED ON FIRST SENTENCE OF TEXT. US DEL (BOERNER) SAID THAT HIS INSTRUCTIONS, WHICH HAD BEEN RECHECKED FOLLOWING THE ROME COMMUNIQUE, WOULD NOT ALLOW THE US TO ACCEPT SUCH LANGUAGE, AND THIS APPLIED TO LATTER HALF OF SECOND SENTENCE AS WELL. HE STRESSED THAT US COULD NOT ENDORSE AN INSTITUTION WITHOUT KNOWING ANYTHING OF ITS DETAILS, AND THEREFORE OUR PROBLEM WAS A SUBSTANTIVE ONE, NOT JUST A DRAFTING PROBLEM. HE ALSO NOTED THAT THE EC TEXT ABANDONED BANY LINK BETWEEN PROGRESS IN INDIVIDUAL COMMODITY CONSULTATIONS AND NEGOTIATIONS AND DECISIONS ON

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A COMMON FUND. FOR THE US THIS WAS A CRITICAL LINK. HE SAID US WOULD DEVELOP ALTERNATIVE FORMULATIONS AND PRESENT THEM TO THE GROUP THE FOLLOWING MORNING.

5. JAPAN REP STATED THAT "AS THINGS STAND NOW, WE CANNOT ACCEPT EC STATEMENT." HE ALSO SUPPORTED US STANCE ON IMPORTANCE OF LINK BETWEEN PROGRESS ON INDIVIDUAL COMMODITIES AND COMMON FUND. CANADIAN REP (HILTON) ARGUED THAT NO COMMITMENT SHOULD BE MADE UNTIL WE KNEW FAR MORE ABOUT DETAILS OF COMMON FUND, AND HENCE THE FIRST SENTENCE GAVE HIM "GREAT DIFFICULTY." AUSTRALIA REP (TEESE) STATED THAT HE ALSO HAD CHECKED WITH CANBERRA AND THE AUSTRALIAN RESERVATION MADE AT NAIROBI STILL STOOD. HENCE HE COULD NOT ACCEPT THE FIRST SENTENCE. SWISS REP (CUTTAT) STATED THAT EC PROPOSAL "NOT ACCEPTABLE AT THIS TIME." HE INDICATED THAT ANY ACCEPTANCE IN PRINCIPLE WOULD HAVE TO BE ON A HIGHLY CONDITIONAL BASIS, AND HE WOULD NEED TO KNOW WHAT THOSE CONDITIONS WERE. ALL THREE NORDIC COUNTRIES SUPPORTED THE EC APPROACH, ARGUING THAT IT WOULD PROVIDE A BASIS FOR COMPROMISE WITH THE G-77 AND MAINTAIN A POSITIVE TONE FOR THIS CONFERENCE AND FUTURE NEGOTIATIONS WITH THE G-77.

6. THERE WAS ONLY A BRIEF DISCUSSION OF THE LIST OF

PRINCIPLES, WITH MOST COUNTRIES INDICATING THAT THEY WOULD NEED TIME TO REVIEW SPECIFIC LANGUAGE. GROUP B WILL RESUME DISCUSSION ON MARCH 30, POSSIBLY IN A SMALL SEPARATE DRAFTING GROUP. US DEL PARTICULARLY NOTED THAT PARA ONE WENT WELL BEYOND WHAT WE UNDERSTOOD TO BE A GENERAL GROUP B COMMITMENT THAT COMMON FUND SHOULD FACILITATE FINANCING FOR ICO BUFFER STOCKS, NOT PROVIDE GENERAL SUPPORT. US AND MANY OTHER DELEGATIONS COMMENTED ON MOST OTHER PRINCIPLES; WE WILL KEEP WASHINGTON INFORMED AS LANGUAGE BECOMES MORE REFINED. US DEL ALSO NOTED THAT WE WOULD HAVE TO DETERMINE WHAT IF ANY MIGHT BE THE MOST APPROPRIATE USE FOR SUCH A LIST OF PRINCIPLES,

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E.G., AS PART OF A CONFERENCE RESOLUTION, OR AS A GROUP B CONFERENCE DOCUMENT.SORENSEN

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Disposition Date: 22 May 2009
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